


SETTLEMENT AGREEMENT

I. PARTIES

 This Settlement Agreement and Release ("Agreement") is entered into this 6 day of ~~February~~ ^{MARCH} 2006, by and among the State of Michigan, through the State of Michigan Department of Attorney General, on behalf of the Michigan Department of Community Health Medical Services Administration, (collectively referred to as the "State of Michigan"), and Hospice of Michigan. The State of Michigan and Hospice of Michigan are hereinafter collectively referred to as the "Parties".

II. PREAMBLE

As a preamble to this Agreement, the State of Michigan contends as follows:

1. Between September 28, 1995 and October 4, 2000, Hospice of Michigan was a participant in the Medicaid Program. During this time period, Hospice of Michigan had various contractual relationships with vendors ("The Vendors") to deliver certain specified hospice services to patients.
2. As part of the contractual relationships with The Vendors, The Vendors were responsible for submitting claims for payment to Hospice of Michigan for specified services.
3. Although The Vendors were contractually directed to submit claims for payment directly to Hospice of Michigan, during the time period from September 28, 1995 through October 4, 2000, without Hospice of Michigan's knowledge, some of The Vendors ("The Vendor's submissions") directly submitted claims for payment to the State of Michigan for services which were paid by the State of Michigan to Hospice of Michigan.

4. As a result of The Vendor's submissions, the State of Michigan made direct payments to the Vendors totaling \$132,443.19 for services that were paid by the State of Michigan to Hospice of Michigan ("The Covered Conduct").
5. Hospice of Michigan contends that it was and is without fault with regard to the covered conduct.
6. In order to avoid the delay, uncertainty, inconvenience and expense of protracted investigation and litigation of these claims, the Parties have reached a full and final settlement as set forth below.

III. TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the mutual promises, covenants, and obligations set forth below, and for good and valuable consideration as stated herein, the Parties agree as follows:

1. Hospice of Michigan agrees to pay the State of Michigan a lump sum payment of \$50,000 (the "Settlement Amount"). Hospice of Michigan agrees to make this payment no later than 30 days after receipt of the executed copy of this Agreement from the State of Michigan.
2. In consideration of the obligations of Hospice of Michigan set forth in this Agreement, conditioned upon Hospice of Michigan's payment in full of the Settlement Amount, (a) the State of Michigan (on behalf of its officers, agents, agencies and departments) agrees to release Hospice of Michigan from any civil or administrative monetary claim the State of Michigan has or may have under the various State of Michigan statutes; or the common law theories of payment by mistake, unjust enrichment, breach of contract and fraud or any other civil statutes or common law theories, for the conduct arising out of

The Vendor claim submissions occurring between September 28, 1995 and October 4, 2000 and resulting in the State of Michigan payments of \$132,443.19 ("The Covered Conduct"); and (b) the State of Michigan agrees to release and refrain from instituting or directing any administrative claim or any action seeking exclusion from the Medicare, Medicaid or other Federal health care programs (as defined in 42 U.S.C. §1320a-7b(f)) against Hospice of Michigan for the Covered Conduct.

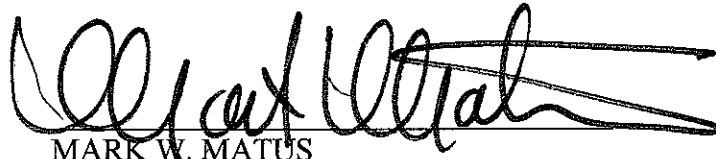
3. The State of Michigan specifically does not release Hospice of Michigan, its predecessors, subsidiaries, joint venture owners, and their corporate parents and affiliates, successors and assigns, and their current and former directors, officers and employees from any and all of the following: (a) any criminal, civil or administrative claims arising under the State of Michigan revenue codes; (b) any criminal liability; (c) any civil or administrative liability that Hospice of Michigan has or may have under any state statute, regulation or rule not related to the Covered Conduct; (d) except as set forth in this Agreement, any mandatory administrative liability, including mandatory exclusion from the State of Michigan's Medicaid program (The State of Michigan is unaware of any such applicable liability in existence); (e) any liability to the State of Michigan (or its agencies) from any conduct other than the Covered Conduct; and (f) any claims based upon obligations created by this Agreement.
4. This Agreement is intended to be for the benefit of the Parties, and by this instrument the Parties do not release any claims against any other person or entity covered by this Agreement.
5. Hospice of Michigan represents that this Agreement is freely and voluntarily entered into without any degree or duress or compulsion whatsoever.

6. This Agreement is governed by the laws of the State of Michigan.
7. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.
8. The undersigned individuals signing this Agreement on behalf of Hospice of Michigan represent and warrant that they are authorized by Hospice of Michigan to execute this Agreement. The undersigned State of Michigan signatories represent that they are signing this Agreement in their official capabilities and that they are authorized to execute this Agreement.
9. This Agreement is effective on the date of signature of the last signatory to the Agreement.

MICHAEL COX

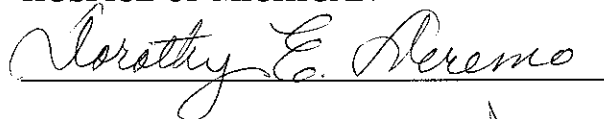
ATTORNEY GENERAL

2/21/2006
Dated


MARK W. MATUS
First Assistant Health Care Fraud Division

3/6/06
Dated

HOSPICE OF MICHIGAN



By: ~~Robert Cahill~~

DOROTHY DEREMO SED

Its: ~~Chief Financial Officer~~

PRESIDENT/C.E.O SED